



Feed Tonnage

FACT SHEET

Feed manufacturers are required to pay a tonnage fee on feed products and ingredients sold in Kansas. The current fee is 8 cents per ton of feed sold. These fees are used to fund the Kansas Department of Agriculture's Agricultural Commodities Assurance Program.

Inspectors routinely inspect feed to ensure that it meets labeling requirements. They also collect samples to analyze to ensure the product meets labeled guarantees and does not contain any substances that may be injurious to animals or humans.

Recent feed tonnage audits suggest that there may be a misunderstanding about when and on which products to submit fees. While collecting these fees is important to our program, we do not want anyone to overpay. This fact sheet will help you better understand the feed tonnage requirements.

What is a commercial feeding stuff?

According to Kansas statutes: (A) The term "commercial feeding stuffs" shall be held to include all feeding stuffs used for feeding livestock, poultry and pets, including customer formula feed, except the following:

- (a) Whole seeds or grains.
- (b) The unmixed meals made directly from and consisting of the entire grains of corn, wheat, rye, barley, oats, buckwheat and grain sorghum.

- (c) Whole hays, straws, silage, cobs, husks, hulls and stover, when unmixed with other materials.
- (d) All other materials, except pet foods, consisting of 60 percent or more of water.
- (e) Custom mixed feeds.

The items listed are the only exceptions. If a product is not specifically listed, it is not exempt, even if it shares similar characteristics with an exempt product.

Is there a licensing requirement?

Yes, there is a licensing requirement. Each manufacturer who sells, offers or exposes for sale, or distributes, in this state any commercial feeding stuff must hold a valid license for each manufacturing and distribution facility it operates in the state.

Who must pay?

a) (1) On and after July 1, 1999, each manufacturer, importer, jobber, firm, association, corporation or person, manufacturing or selling any commercial feeding stuff, must pay to the secretary of agriculture an inspection fee of \$.10 per ton of 2,000 pounds, or fraction thereof, for each commercial feeding stuffs sold, offered or exposed for sale or distributed in this state.

What is the current tonnage fee?

The current fee is 8 cents per ton with a minimum inspection fee of \$15, and it must be paid semiannually.

Is the feed manufactured at a commercial livestock operation subject to the tonnage fee?

If the feed manufactured by the commercial livestock operation is used to feed cattle owned by the operation or by others as part of a bundle of services, and the feed is not sold outside of the operation, then it is not subject to the tonnage fee.

If feed is sold to a commercial livestock operation, and part of it is used to feed the vendor's cattle, is that portion of feed subject to the tonnage fee?

The feed manufacturer must pay tonnage on all feed sold. However, if a manufacturer can document the amount of feed provided – but not sold – to feed the manufacturer's cattle, then the manufacturer does not have to pay the tonnage fee for that amount.

Do I have to pay the fee if I am just storing a commercial feeding stuff?

No. You pay the fee only if the feeding stuff is sold, offered or exposed for sale, or distributed, in the state.

I buy ingredients for which the tonnage was already paid. Do I have to pay tonnage on the commercial feeding stuff I manufacture?

Yes. You must pay the tonnage fee based on the amount of product you manufacture.

I buy ingredients for which the tonnage was already paid. I then sell those ingredients without doing anything to

them. Do I have to pay the tonnage fee again?

No. The statute states that if more than one manufacturer, importer, jobber, firm, association, corporation or person is involved in the chain of distribution, the one who first sells or distributes a commercial feeding stuff for further sale or distribution in this state is responsible for paying the applicable inspection fee for each commercial feeding stuff sold or distributed by the manufacturer, importer, jobber, firm, association, corporation or person.

I manufacture a commercial feeding stuff in Kansas but I do not sell any products in Kansas. Do I have to pay the tonnage fee?

No. If you do not sell products in Kansas, you do not have to pay the fee nor do you have to be licensed. However, all commercial feeding stuff manufacturers are subject to inspections.

My ingredient supplier has paid the tonnage fee but adds a charge to my invoice to cover it. Is this right? Do I have to pay the tonnage fee if my supplier adds the charge to my invoice?

This is a contractual issue between you and your supplier. We take no position on whether the supplier can add the tonnage fee to the cost of the product you are purchasing. However, you must pay the tonnage fee on the product you manufacture regardless of whether the supplier added the tonnage fee to your cost. If you are reselling the product without doing anything to it, then you do not need to pay the tonnage fee again.